

**MINUTES OF THE  
JOINT PUBLIC EDUCATION APPROPRIATIONS SUBCOMMITTEE MEETING  
WEDNESDAY, JANUARY 31, 2007, 2:00 P.M.  
Room W135, West Office Building, State Capitol Complex**

Members Present: Sen. Howard A. Stephenson, Co-Chair  
Rep. Bradley G. Last, Co-Chair  
Sen. Lyle W. Hillyard  
Sen. Patricia W. Jones  
Sen. Kevin T. VanTassell  
Rep. Tim M. Cosgrove  
Rep. Lorie D. Fowlke  
Rep. Gage Froerer  
Rep. Ronda Rudd Menlove  
Rep. Karen W. Morgan  
Rep. Phil Riesen  
Rep. Aaron Tilton  
Rep. Carl Wimmer

Members Absent: Rep. Brad L. Dee  
Rep. Gregory H. Hughes

Staff Present: Ben Leishman, Legislative Fiscal Analyst  
J. Daniel Schoenfeld, Legislative Fiscal Analyst  
Cherie Schmidt, Secretary

Public Speakers Present: Myron Cottam, Associate Superintendent, USOE  
Lynn Greenwood, Curriculum Coordinator, USOE  
Lois Richens, Specialist, USOE  
Rick Coleman, Deputy Auditor General, OLAG  
Wayne Kidd, Audit Supervisor, OLAG  
Kim Frank, Utah Charter Schools Association  
Scott Smith, Chairman of the State Charter School Board  
Rep. Last, Quality Teaching  
Rep. Newbold, Carson Smith Special Needs Scholarship  
Rep. Ray, Gold Metal Schools  
Rep. Shurtliff, Fee Waivers  
Rep. Sumison, USDB Students Qualifying for Deaf Services  
Sen. Mayne, School Nurses  
Carla Lott, President, USNA  
Cescilie Rall, School Nurse, USNA  
Rep. Fowlke, School Discipline Amendments  
Jim Sorenson, Arts Works for Kids

A list of visitors and a copy of handouts are filed with the Subcommittee minutes.

Co-Chair Last called the meeting to order at 2:10 p.m.

1. **Welcome** - Co-Chair Last welcomed all those present to the meeting.
2. **Technology Update** - Myron Cottam, Associate Superintendent, USOE, introduced Lynn Greenwood, Coordinator of Curriculum Department, USOE, and Lois Richens, hired to implement the On-line Writing Program. This program provides students with an opportunity to practice writing and receive support and suggestions as they write. Students receive an immediate score for a completed writing piece with reasons for the score. Ms. Richens gave a demonstration of this program. The program is called Writing Road Map. A handout entitled, "Summary of On-Line Writing Program," details the advantages, limitations, teacher comments, future needs, and statistics concerning on-line writing in Utah. The funding request is for \$500,000 to be used mainly for the licensing fees.
3. **Approval of Minutes** -  
  
**MOTION:** Sen. VanTassell moved to approve the minutes of the January 22, 2007, and January 24, 2007 Subcommittee meetings.  
  
The motion passed unanimously with Sen. Hillyard, Rep. Fowlke, Rep. Morgan, and Rep. Tilton absent at the time of voting.
4. **Charter School Audit Presentation** - Rick Coleman, Deputy Auditor General, OLAG introduced Wayne Kidd, Audit Supervisor, OLAG, who gave an overview of a report to the Utah Legislature of a Performance Audit of Utah Charter Schools, January 2007. A seven-chapter review was given to the Subcommittee members. This booklet details the results and recommendations of the audit.
5. **Agency Response** - Dr. Patti Harrington, State Superintendent, USOE, addressed the Subcommittee and stated that the agency response is also contained in this booklet. Dr. Harrington stated that the Utah Board of Education does concur with the findings of the audit and affirms the recommendations.
6. **Analyst Presentation** - Ben Leishman, Legislative Fiscal Analyst, stated that in the Minimum School Program there are two programs--The Local Replacement Fund and a Proposed Administrative Cost. The Local Replacement Funding Program was established within the Minimum School Program to provide revenue to charter schools to assist in

facility needs. Unlike school districts, charter schools do not have funding authority or the ability to assist in facility needs. The Legislature created a statutory formula that provides an equalized per pupil state appropriation to each charter school to replace some of the locally generated revenue charter schools cannot access. The current statutory formula calculates a statewide average for local property tax generated per student in each of the 40 school districts. Appendix A of the Issue Brief - Local Replacement Formula details formula components and funding levels. Subsequent to passing the Local Replacement Funding Formula, the Legislature received information that the statutory formula does not reflect the level of local revenue generated by the school districts. The statutory formula uses debt service expenditures instead of debt service revenues as one of the components driving the per student rate. Legislatures selected debt service expenditures in order to ensure that school districts bond revenue was not double counted in the formula. However, by using debt service expenditures, the formula is actually under funding what is actually being collected. During the 2006 General Session, the Public Education Appropriations Subcommittee adopted a new formula to derive the per student rate. However, the Local Replacement that was adopted by the Subcommittee last year does provide some level of parity. Appendix B of this brief provides more information on the individual components of the formula adopted during the 2006 General Session. The new formula provides a total of \$1,527 per student, an increase of \$385 over the current statutory rate of \$1,142. Mr. Leishman stated that the current amount in the Minimum School Program base bill is sufficient to fund charter school students at the old rate. Two issues that the Subcommittee will need to evaluate are first providing enough revenue for the statutory rate, and second whether or not the Subcommittee will want to adjust that amount again based on the formula proposed last year.

The second brief discussed was School Level Administration. There has been some concern that the Administrative Cost Formula in the Minimum School Program does not accurately reflect the costs of providing school level administration in a charter school. The Administrative Cost Formula was created to support school districts, especially districts with low enrollment with administrative functions. The program allocates WPUs to school districts based on their student population. As enrollment increases, the number of WPUs received by the school districts decreases. Charter Schools are grouped as one school district under this formula. As more charter schools are established and enrollment increases, the charter schools receive fewer WPUs. The proposal presented in this brief provides a base allocation to each charter school and an additional amount based on the school's enrollment. Under this proposal, each charter school would receive a base allocation of 10 Weighted Pupil Units. Appendix A of this brief provides additional information on school allocations as well as the allocation scale for additional WPUs based on school enrollment. The formula, as presented in Appendix A, estimates the total cost of the program at \$2,528,182. The Analyst recommends that the

Subcommittee consider proposals for charter school - school level administration costs. An audit produced by the Legislative Auditor General indicates that small school districts receive approximately \$120 per student for administrative costs. If the Legislature approves \$120 per charter school student, the total cost would be approximately \$2,889,500. Distribution of these funds would need to be clarified in statute. The Analyst recommends an equal funding base for all charter schools and the remaining revenue distributed on a per student basis.

Danny Schoenfeld, Legislative Fiscal Analyst, also referred to the Budget Brief - State Charter School Board. The Board advises the State Board of Education on charter school issues. A total of seven members appointed by the Governor sit on the Charter School Board. The Charter School Board also has an Executive Director and professional staff to support its operation. The State Superintendent appoints the staff director with the consent of the State Charter School Board. Mr. Schoenfeld stated that the Issue Brief that is directly connected to this brief and will require evaluation during the last meeting of the Subcommittee is the Federal Funds Approval. The Analyst recommends the increase of 2.5 FTEs in the amount of \$340,000 to assist with audits and provide support to other staff. The recommended Legislative action is to reaffirm the base budget amount of \$1,848,500.

7. **Kim Frank, Utah Charter Schools Association** - Ms. Frank stated that the Charter Schools Association also concurs with the findings of the audit. She also stated that the formulas used to determine parities are also supported by this Association.

Scott Smith, Chairman of the State Charter School Board, stated that the Charter School Association has identified the areas that are problematic such as the startup time for Charter Schools. There is now in place a 18- month startup program. Mr. Smith also stated that they have recognized that there is a need for more training for Charter School Boards. A Service Center will also identify the roles of the office as well as the center to allow for facilitating. An accountability program will also be established. This is a 5-year program. The program will have self-assessment and reports on accountability.

8. **Request for Appropriation and Fiscal Impact Bills** - Co-Chair Last spoke on Quality Teaching - Enhanced Professional Development Opportunities for Utah Teachers. He stated that in FY 2002 and FY 2003 the Legislature created the Quality Teaching Block Grant in the Minimum School Program. Legislatures envisioned a total of three professional development days. Intent language was repealed into the economic downturn, and a third development day was never funded by the Legislature. Also, the second professional day reduced in this downturn was never reinstated by the Legislature. Co-Chair Last's recommendation is to implement three development days so that teachers can have quality teaching development time away from the students.

Rep. Newbold addressed the Subcommittee concerning the Carson Smith Special Needs Scholarship. The funding request made by Rep. Newbold is for \$3 million ongoing, nonlapsing allocation to be placed in the Carson Smith Scholarship Fund. Letters from parents supporting this request were given to the Subcommittee members.

Rep. Ray made a request for an ongoing appropriation of \$200,000 for the Gold Metal School Program. This program teaches healthy lifestyles to children. Rep. Ray also stated that this program should be expanded to the middle schools.

Rep. Shurtliff addressed the Subcommittee concerning fee waivers. The funding request is for \$1.5 million to establish a fund at the State Board of Education where schools can apply for reimbursement for fee waivers.

Rep. Sumison spoke on USDB Students Qualifying for Deaf Services. The fiscal note is for \$350,000. Rep. Sumison stated that the funding request would be less than this amount.

Sen. Mayne spoke in behalf of school nurses in Utah public schools. He stated that it is the intent of the Legislature that a one-time appropriation of \$3 million be given to the Utah Department of Education for the purpose of creating a pilot fund to increase the current number of school nurses. This fund is based on a 50 percent matching funds basis to any school district hiring additional nurses. It is also the intent that a coordinator be assigned to assist in administering this pilot program and collecting data. The Office of Education shall report back during the 2008 Legislative Session regarding the outcome of this pilot and the number of new nurses working in the schools. Carla Lott and Cescilie Rall, both school nurses, spoke in support of having additional nurses in schools.

Rep. Fowlke requested \$30,000 to complete a study of school discipline amendments.

9. **Public Comment** - Jim Sorenson representing Arts Works for Kids addressed the Subcommittee concerning an Arts Learning Option for Academic Achievement. A handout given to the Subcommittee details this program and request. Mr. Sorenson stated that a three-year demonstration project is proposed involving approximately 100 Utah elementary schools (representing 20 percent of Utah's 500 elementary schools) and four Utah Universities (University of Utah, Utah State University, Brigham Young University, and Southern Utah University) with the objective of improving student achievement by integrating fine arts education into K-3 curriculum. The program would be funded through a categorical bill. The Sorenson family and Arts Works for Kids have previously made substantial grants to the above universities to provide pre-service and in-service training for arts specialists in Utah's elementary schools. However, additional

funds are requested to provide a comprehensive and effective program for the State of Utah. The requested allocation is for \$9 million per year for three years for 100 full-time arts specialists and arts related supplies for participating schools.

**MOTION:** Rep. Riesen moved to adjourn

Co-Chair Last adjourned the meeting at 4:35 p.m.

Minutes were reported by Cherie Schmidt, Secretary

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Sen. Howard Stephenson, Committee Co-Chair

Rep. Bradley G. Last, Committee Co-Chair